

Message Text

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INFO OCT-01 EA-07 IO-13 ISO-00 FEA-01 AGR-05 CEA-01

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LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

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STATE/EA/ROC: HENGLEBRECHT
TREAS: E0ARBER
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STATE/EB: JSLATTERY
USDA: RHARPER
LABOR: HFIEKOWSKY
STR: BSTEINBOCK

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R 052156Z AUG 76
FM SECSTATE WASHDC
TO AMEMBASSY TAIPEI
INFO USDEL MTN GENEVA

C O N F I D E N T I A L STATE 194674

EO 11652: GDS

TAGS: ETRD TW MTN

SUBJECT: U.S.-ROC TRADE NEGOTIATIONS

REF: (A) STATE 86134 (B) TAIPEI 4691 (C) STATE 287116
(D) STATE 141388

1. THE REPUBLIC OF CHINA STANDS TO BENEFIT INDIRECTLY FROM
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THE TROPICAL PRODUCTS (TP) NEGOTIATIONS OF THE MTN BECAUSE
CONCESSIONS ARE ON A MFN BASIS. SINCE TAIWAN HAS NEITHER
ACCEDED TO GATT NOR PARTICIPATED IN THE MTN, A SEPARATE
BILATERAL NEGOTIATION BETWEEN THE U.S. AND THE ROC IS RE-

QUIRED IN ORDER FOR THE U.S. TO ACHIEVE ITS OBJECTIVE OF SOME MEANINGFUL CONTRIBUTIONS FROM EACH LDC WHICH IS A SIGNIFICANT BENEFICIARY OF INITIAL U.S. OFFERS ON TROPICAL PRODUCTS. THE INITIAL GROUNDWORK FOR SUCH TP NEGOTIATION HAS ALREADY BEEN LAID THROUGH DENT/SUN CORRESPONDENCE, AS NOTED IN REFTELS A AND B. REFTELS C AND D ARE BEING REPEATED FOR EMBASSY'S INFORMATION ON PROGRESS TO DATE IN GENERAL TROPICAL PRODUCTS NEGOTIATIONS. WE ENVISAGE THAT OUR APPROACH VIS-A-VIS TAIWAN WILL BE GENERALLY SIMILAR TO THAT FOLLOWED IN MTN, BUT THAT ROC'S UNIQUE CIRCUMSTANCES MAY REQUIRE SOME MODIFICATIONS OF STANDARD PRACTICES FOLLOWED HERETOFORE.

2. FROM INITIAL U.S. OFFERS TO COUNTRIES PARTICIPATING IN THE TROPICAL PRODUCTS NEGOTIATIONS, WE ESTIMATE TAIWAN COULD INDIRECTLY REAP TRADE BENEFITS AMOUNTING TO US\$ 88,129,000 (BASED ON 1974 IMPORT STATISTICS), AS PRINCIPAL OR A SUBSTANTIAL SUPPLIER TO THE U.S. OF CERTAIN PRODUCTS PLACED ON OUR GLOBAL OFFER LIST AS A RESULT OF REQUESTS BY OTHER LDC'S. THESE ITEMS WOULD CONSTITUTE THE U.S. OFFER LIST FOR THE ROC, TO BE SUBMITTED WITH OUR REQUEST LIST FOR ROC CONTRIBUTIONS AT INITIAL NEGOTIATING SESSION. THE U.S. POSITION IS THAT WE EXPECT ADEQUATE CONTRIBUTIONS FOR U.S. TROPICAL PRODUCTS OFFERS WITHIN THAT FORUM; IN THE CASE OF THE ROC, THIS MEANS CONTRIBUTIONS WOULD COME FROM EARLY BILATERAL NEGOTIATIONS WITHIN SAME TIME FRAME AS CURRENT NEGOTIATIONS WITH ACTUAL LDC TROPICAL PRODUCTS PARTICIPANTS. U.S. PRESUMABLY WILL HAVE SEVERAL MORE OFFERS ON NONTROPICAL PRODUCTS OF INTEREST TO ROC IN LATER STAGES OF MTN, AND WOULD EXPECT ADEQUATE CONTRIBUTIONS IN RETURN FOR THOSE OFFERS THEN.

3. THE ACCOMPANYING LIST, IN PARAGRAPH 4, COMPRISES A POOL OF ITEMS WHICH WILL BE THE PRIMARY, THOUGH NOT NECESSARILY EXCLUSIVE, SOURCE USED TO DEVELOP A REQUEST LIST FOR CONTRIBUTIONS FROM TAIWAN. SELECTION OF INDUSTRIAL ITEMS WAS BASED UPON U.S. POSITION AS PRIMARY SUPPLIER IN CONFIDENTIAL

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1974 AS SHOWN IN ROC IMPORT STATISTICS. EACH ITEM HAS 1974 IMPORT VALUE OF OVER US\$ 500,000 EXCEPT FOR A FEW LESSER VALUE ITEMS OF SPECIFIC U.S. INDUSTRY INTEREST. MOST ITEMS, ACCORDING TO OUR SOURCES, HAVE A TAIWAN TARIFF RATE OF OVER 15 PERCENT. EMBASSY IS REQUESTED TO REVIEW LIST AND RECOMMEND PRIORITIES, ADDITIONS (SHOW TAIWAN STAT. NO. OR BTN NO.) OR DELETIONS WITH APPROPRIATE JUSTIFICATIONS FOR EACH. PLEASE STATE CRITERIA USED IN ASSIGNING PRIORITIES, AND PROVIDE CURRENT DUTIES ON ALL ITEMS, IF POSSIBLE. PLEASE STATE ANY RESTRICTIVE NON-TARIFF MEASURES WHICH APPLY TO IMPORTS OF THE LISTED ITEMS AND WHICH COULD IMPAIR ROC TARIFF REDUCTIONS OR BINDINGS. THE ROC SHOULD NOT REPEAT NOT BE CONSULTED WITH REGARD TO

ITEMS LISTED. THE FINAL LIST TO BE PREPARED IN THE INTER-AGENCY CONSULTATION PROCESS, AFTER POST INPUT, WILL BE CONSIDERABLY SMALLER THAN THE LIST BELOW, AND WILL TAKE INTO ACCOUNT THE STATEMENTS IN TOKYO DECLARATION RELATING TO SPECIAL AND DIFFERENTIAL TREATMENT FOR EACH LDC IN MANNER CONSISTENT WITH ITS STAGE OF DEVELOPMENT.

4. FOLLOWING TAIWAN TARIFF ITEMS ARE BEING CONSIDERED:

0202 DEAD POULTRY AND EDIBLE OFFALS THEREOF, ETC.

0203(1) POULTRY LIVERS, FRESH, CHILLED OR FROZEN

0203(2) POULTRY LIVERS, OTHER

(NOTE: INTEREST IN ABOVE ITEMS IS FOR TURKEYS ONLY)

0804(2) DRIED GRAPES

0806(1) FRESH APPLES

1602 OTHER PREPARED OR PRESERVED MEAT

(INTEREST ONLY IN ALL TYPES PROCESSED TURKEY MEAT)

2006(1) FRUIT, TABLE AND PIE, PRESERVED, IN BOTTLES OR CANS

(INTEREST IS IN GLASS PACKED CHERRIES AND CANNED PEACHES)

2007(2)(B) VEGETABLE JUICE, OTHER THAN FOR INFANTS

2107(3) NON-ALCOHOLIC COMPOUND PREPARATIONS FOR MAKING BEVERAGES

28171 SODIUM HYDROXIDE (CAUSTIC SODA)

EX 2904 OTHER ACYCLIC ALCOHOLS AND THEIR HALOGENATED OR NITROSATED DERIVATIVES

29061 PHENOL (CARBOLIC ACID)

3304(1) MIXTURES OF TWO OR MORE ODORIFEROUS SUBSTANCES, CONFIDENTIAL

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ETC., FOR PREPARATION OF NON-ALCOHOLIC BEVERAGES, NO SWEETENING AGENT HAVING BEEN ADDED.

3814 OXIDATION INHIBITORS, GUM INHIBITORS, VISCOSITY IMPROVERS, ANTI-CORROSIVE PREPS., ETC.

4101(1)(A) BOVINE HIDES

4101(2) CALF SKINS

4102(1) UPPER LEATHER OF CATTLE AND CALF

4102(3) LEATHER, BELTING

4102(4) LEATHER, SOLE

4102(5) OTHER BOVINE CATTLE LEATHER

4011(5) OTHER RUBBER TYRES, TYRE CASES, ETC.

4702(1) PAPER CUTTINGS AND PAPER WASTE, ETC.

4702(2) NEWSPAPERS AND PERIODICALS, OLD (FIT ONLY FOR REMANUFACTURE)

4801(2)(A) BOXBOARD, LEATHERBOARD, MANILA BOARD, ETC.

7011 GLASS ENVELOPES FOR ELECTRIC LAMPS, ETC.

7320 TUBE AND PIPE FITTINGS, IRON AND STEEL

734014 IRON OR STEEL MANUFACTURES, SOLELY FOR INDUSTRIAL USE, NES.

734017 BOBBINS AND THE LIKE FOR TEXTILE MACHINERY USE

84011(A) STEAM AND OTHER VAPOUR GENERATING BOILERS, WORKING PRESSURE 50 KGS. PER SQ. CENTIMETER AND UNDER

8402 AUXILIARY PLANT FOR USE WITH STEAM AND OTHER VAPOUR
GENERATING BOILERS
8406(2)(C) INTERNAL COMBUSTION PISTON ENGINES FOR MOTOR
VEHICLE USE (OTHER THAN MOTORCYCLE), INC. PARTS
8410(1) PUMPS
84112 AIR OR GAS COMPRESSORS, MOTOR AND TURBO COMPRESSORS
8412 AIR-CONDITIONERS
8415(1) FREEZERS AND REFRIGERATING EQUIPMENT OTHER THAN
DOMESTIC
8415(3) DOMESTIC REFRIGERATORS, ELECTRIC
8417(L) OTHER MACHINERY, PLANT AND SIMILAR LABORATORY
EQUIPMENT FOR TREATMENT OF MATERIALS BY HEAT

841813 OTHER CENTRIFUGES, FILTERING AND PURIFYING
MACHINERY AND APPARATUS
8419(1) DISHWASHING MACHINES
84226 OTHER LIFTING, HANDLING, LOADING OR UNLOADING
MACHINERY
8423(5) OTHER EXCAVATING, LEVELING, TAMPING, BORING AND
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EXTRACTING MACHINERY
8440(2)(A) DOMESTIC WASHING MACHINES, ELECTRIC
8452(2) OTHER CALCULATING, ACCOUNTING MACHINES, ETC.
8455(2) PARTS AND ACCESSORIES FOR ELECTRONIC COMPUTERS
8455(3) PARTS AND ACCESSORIES FOR PENCIL SHARPENING
MACHINES AND PERFORATING, PUNCHING AND STAPLING MACHINES
FOR OFFICE USE
84612 VALVES FOR BOILERS
8465(6) OTHER MACHINERY PARTS, NOT CONTAINING ELECTRICAL
CONNECTORS, ETC.
8501110 GENERATORS, TURBINE
85014 BATTERY CHARGERS
8506(3) OTHER ELECTRO MECHANICAL DOMESTIC APPLIANCES
8512(A) OTHER ELECTRIC HEATING APPARATUS
85155 RADIO TELEPHONIC TRANSMISSION AND RECEPTION
APPARATUS
851515 OTHER RADIO APPARATUS
85159 TV TRANSMISSION APPARATUS
85198 SOCKETS AND PLUGS FOR RADIO APPARATUS
85231(A) CO-AXIAL CABLE
87033(A) CRANE LORRIES WITH LIFTING DEVICES, SOLELY FOR
LIFTING
9026(1) ELECTRICITY SUPPLY METERS
9028(1)(E) OTHER ELECTRICAL MEASURING, CHECKING, ETC.
INSTRUMENTS AND APPARATUS

5. INDUSTRY HAS CITED THE FOLLOWING ALLEGED NTM'S AS
APPLYING TO CERTAIN ITEMS ON THE LIST IN PARAGRAPH 4:
(A) LICENSING, PRIOR DEPOSITS, AND LABELING AND MARKING
REGULATIONS AFFECT U.S. EXPORTS OF RUBBER GOODS, INCLUDING
TARIFF NO. 4011(5) OTHER RUBBER TYRES, TYRE CASES, ETC;

(B) AN IMPORT SURCHARGE OF 50 PERCENT IS APPLIED ON
TARIFF NO. 8452(2), OTHER CALCULATING, ACCOUNTING MA-
CHINES, ETC., TO PROTECT LOCAL INDUSTRY;
(C) REBATES ON STEEL EXPORTS, GOVERNMENT ASSISTANCE IN
FINANCING THE STEEL INDUSTRY, AND GOVERNMENT PROCUREMENT
AFFECT THE COMPETITIVENESS OF U.S. EXPORTS OF STEEL IN-
CLUDING TARIFF NOS. 7320, TUBE AND PIPE FITTINGS, IRON
AND STEEL; 734014 IRON OR STEEL MANUFACTURES, SOLELY FOR
INDUSTRIAL USE, N.E.S., AND 734017, BOBBINS AND THE LIKE
FOR TEXTILE MACHINERY USE; (D) VALUATION UPLIFT EQUAL TO
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20 PERCENT OF C.I.F. COST IS APPLIED TO MANY PRODUCTS,
SUCH AS: TARIFF NOS.: 8415(3) DOMESTIC REFRIGERATORS,
ELECTRIC; 8419(1) DISHWASHING MACHINES; 8440(2)(A)
DOMESTIC WASHING MACHINES, ELECTRIC; 8452(2) OTHER CAL-
CULATING, ACCOUNTING MACHINES, ETC.; 8455(2) PARTS AND
ACCESSORIES FOR ELECTRONIC COMPUTERS, AND OTHERS. EMBASSY
IS REQUESTED TO CONFIRM VALIDITY OF ABOVE INDUSTRY COM-
PLAINTS.

6. EMBASSY IS ALSO REQUESTED TO INDICATE WHICH ROC NON-
TARIFF MEASURES IT VIEWS AS MOST SIGNIFICANT, AND WHAT NTM
LIBERALIZATIONS WE SHOULD SEEK TO BE SURE THAT U.S. EX-
PORTERS CAN BENEFIT FULLY FROM ANY TARIFF CONCESSIONS
NEGOTIATED. FOR EXAMPLE, IN CASES INVOLVING LICENSES AND
QUANTITATIVE RESTRICTIONS IF ROC AGREES TO REDUCE TARIFF
ON, SAY, A "CONTROLLED" ITEM, WOULD ROC ASSURANCE THAT
THIS PRODUCT WILL BE SHIFTED TO "PERMANENT PERMISSIBLE"
STATUS BE SUFFICIENT? OR MIGHT OTHER REMEDIES SUCH AS,
SAY EXEMPTION OF ITEM FROM RESTRICTIONS LIMITING IMPORTS
TO ULTIMATE END-USERS ONLY ALSO BE NECESSARY TO GIVE FULL
EFFECT TO THE CONCESSION?

7. ANY BILATERAL UNDERSTANDING OR ACCORD RESULTING FROM
SUCH BILATERAL CONSULTATIONS PRESUMABLY WOULD ENCOMPASS
NOT ONLY PRODUCT LISTS OF MUTUAL CONCESSIONS BUT ALSO
WOULD HAVE TO INCORPORATE APPROPRIATE LANGUAGE FROM THE
GATT OR OTHER SOURCES IN ORDER TO MAKE SURE THAT THE CON-
CESSIONS NEGOTIATED ARE BOUND. WE WOULD APPRECIATE ANY
EMBASSY SUGGESTIONS REGARDING ANY ASPECTS OF TAIWAN TRADE
STRUCTURE WHICH SHOULD BE CONSIDERED IN OUR DRAFTING.

8. UNDERSTAND THE LATEST "CUSTOMS IMPORT TARIFF OF THE
REPUBLIC OF CHINA" WAS PUBLISHED AUGUST 1973. IF A LATER
EDITION OR SUPPLEMENTS ARE AVAILABLE GRATIS, PLEASE AIR
POUCH TO USDOC, OFFICE OF INTERNATIONAL TRADE POLICY,
DEVELOPING NATIONS DIVISION. IF CHARGE, PLEASE ADVISE
COST AND AVAILABILITY DATE.

9. THIS OFFICE WOULD APPRECIATE CABLE REPLY ASAP, BUT NOT
LATER THAN SEPTEMBER 10, 1976. HABIB

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<< END OF DOCUMENT >>

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